

Buonaiuto, Kenneth

From: Kenneth Buonaiuto <174@risp.dps.ri.gov>
Sent: Thursday, October 18, 2012 10:41 AM
To: Catlow, Todd
Subject: Gordon Fox 38 Studios Letter;
Attachments: gordon-fox-10-2012.pdf

Lieutenant Catlow,

Attached is a letter Gordon Fox wrote to his constituents on October 11, 2012. Not sure if this is what Colonel O'Donnell might have heard about, but it does touch on Fox's involvement in the passing of the Job-Incentive Program legislation and the 38 Studios loan guarantees

Respectfully submitted,

Detective Kenneth S. Buonaiuto
Rhode Island State Police
Financial Crimes Unit
311 Danielson Pike
North Scituate, RI 02857
Phone (401) 444-1205
Fax (401) 444-1041

FROM THE DESK OF
GORDON D. FOX

October 11, 2012

Dear Neighbor,

As I walk door-to-door throughout House District 4 in my re-election campaign, it has prompted me to reflect on my life and on my political career. It has been an incredible journey, being one of six children of two very hard-working parents of Irish and Cape Verdean heritage, to where I am today. It has been a great honor and privilege to serve as the Representative from the neighborhood where I have always lived. As the 222nd Speaker of the House of Representatives, I am so honored to be the first person of African-American descent and the first openly gay man to ever serve in this position.

I could see the State House from where I once lived as a child in University Heights and I remember dreaming that someday I would like to serve there. That dream would not be possible without my parents and my teachers in the Providence public schools, who convinced me to work hard and take my studies seriously. My father insisted that I take the entrance exam to Classical High School, and it turned out to be one of the best choices I ever made. Classical provided me with a great academic foundation and instilled in me a passion for learning that still burns inside me. It was overwhelming to be honored earlier this year by the Classical Alumni Association with the Distinguished Alumni Award.

My father tragically passed away in my first year at Providence College, turning my life upside down. I was forced to drop out of school to help my family and I went to work in a bank, while also scooping ice cream at Carvel and selling vacuum cleaners. But I always remembered what he preached to me about the importance of education. I saw an advertisement for Rhode Island College in the newspaper and I decided I could afford to take classes while still working. I rode the RIPTA bus to RIC and got absorbed in my studies, earning a degree in 1985 while majoring in both political science and history. I am tremendously grateful to the RIC professors who inspired me to work hard because that led to a full scholarship to Northeastern University School of Law and my career as an attorney. As I said to the students when I was RIC's commencement speaker a few years ago, Rhode Island College truly saved my life. A quality and affordable public education was my life preserver and I will never, ever forget that.

In speaking with many of you on the campaign trail, I know the challenges that people are facing and I have many of the same struggles. My partner Marcus and I take care of my 90-year-old mother who lives with us. We work hard, do the best we can, and try to make a difference. I have great love and affinity for my neighbors of Mount Hope, Summit and Blackstone who I am proud to represent, and I always keep your best interests at the top of my agenda on a daily basis.

I want to take a moment and share with you two of my achievements in serving you first as a rank-and-file Representative, next as chairman of the House Finance Committee, next as the House Majority Leader for seven years and then as Speaker of the House for the past three years.

My proudest two accomplishments have been the passage of the school funding formula and comprehensive pension reform. There is nothing more essential in life than a good education. The enactment of a fair and equitable funding formula for public schools was critical in leading to enhanced educational and career opportunities. For 15 years, our state did not have a funding formula in place. It was unacceptable. When I took over as Speaker in 2010, I made it my top priority to enact this formula and I

made it happen. In the two years since the formula has been in place, the General Assembly has added \$50 million in funding for public schools throughout the state, including an additional \$18 million in Providence alone. This is an essential investment in our children's future, and I will continue to be your strongest advocate for education and teacher training. I strongly supported the state's effort to win the federal Race to the Top grant of \$75 million and will assist in all efforts to continue to improve our educational system.

I proudly called a special session of the House and introduced and lobbied for pension reform legislation that was enacted in November 2011 -- earning praise as a national model from such publications as Time Magazine and the New York Times. We did this to not only save significant money for you, the taxpayer -- lowering the state and local contribution by \$274 million in the first year alone -- but we also made the system more financially secure for retirees and state employees well into the future. By reducing our state's unfunded liability by \$3 billion, we took the strain off of our state budget and it enabled us to make the proper investments that are needed in such critical areas as education, health care, economic development and transportation.

Beyond these two historic achievements, I also sponsored the law which banned smoking in restaurants and nearly all public places in our state. Some of my other initiatives have led to successful programs in affordable housing and historic redevelopment. My bill to extend health care coverage for mental illness in Rhode Island was years ahead of the federal law. And, for the past two years, I have worked extremely closely with my friend, Mayor Angel Taveras, to ensure that Providence received ample state support to survive its Category 5 fiscal hurricane and avoided bankruptcy.

Moving forward, I will continue my decades-long fight to support and defend a woman's right to choose. I will do everything in my power to make sure that any legislation that doesn't respect women's reproductive choices is never brought before the House.

Should I have your continued support, I will also bring marriage equality legislation to a vote early in the next House session. It is time, and I feel the momentum building. The civil unions' bill we passed in 2011 was a backstop to begin the process of granting the full marriage rights that same-sex couples deserve. But, now, with your support, we will make history yet again by passing marriage equality.

I will also continue to work on the very critical issue of economic development. I know that creating good jobs is the central issue of our time, and I wholeheartedly agree. I know the importance of a good job. I remember when my father was out of work, our whole family would suffer. As your Representative, I will always focus on providing the opportunities for families to put food on the table, to have a warm place to sleep at night, and to obtain a good education.

Growing the economy is crucial to moving our neighborhoods forward. In collaboration with business leaders throughout the state, the General Assembly enacted income tax reform which lowered the highest tax bracket from 9.9 percent to 5.99 percent to make the state more competitive in attracting businesses. We created and funded the I-195 Commission to attract high-tech companies to relocate to Providence's burgeoning Knowledge District. We passed several pieces of legislation to attract companies to Rhode Island.

One such bill we enacted in 2010 allowed the Rhode Island Economic Development Corporation to back \$125 million in loans sought by businesses in the knowledge and technology sectors. When I took over as Speaker earlier that year, we were in the depths of a recession. We lost 32,000 jobs in two years and our unemployment rate skyrocketed from 6.2% to 11.9% in that time span. Economic experts were encouraging us to take risks and expand into such areas as the "knowledge economy." At the time, it certainly seemed like a worthy program that then-Governor Carcieri and the EDC were requesting.

As we now know, EDC and its chairman, Governor Carcieri, granted \$75 million of those loan guarantees to a video-game company called 38 Studios. Months prior to the approval, I was invited by a friend who

was a company board member to meet with him, owner Curt Schilling and the head of the EDC to discuss their potential interest in relocating to Rhode Island. I was aware of this interest when the Assembly created the job incentive program, but the EDC made clear that there was a substantial vetting process in place to ensure that any company who applied for these funds were a viable and worthy investment. Essentially, the General Assembly gave the EDC the tools to build the job-incentive program, but it was the EDC's role to review the application and scrutinize the company's financial viability. None of us in the General Assembly was involved in any way in that review and loan-awarding process.

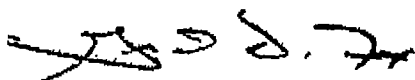
Former Governor Carcieri admitted that the General Assembly did its job in creating capital to stimulate the economy, when interviewed by Tim White on Channel 12 Newsmakers last month, said: "I don't blame the General Assembly. No. Not at all. They passed the loan guarantee program. Their job is to pass laws."

I feel terrible about the 300 jobs that were lost at 38 Studios and the risk to the taxpayers which resulted from the closure of the company. But we learned many lessons from the failure of the company, including the need to overhaul the EDC and tackle the red-tape and bureaucracy facing business-owners in Rhode Island. I will make sure that job creation continues to be a major focus of the General Assembly in the next session.

It is disappointing that there are people who want to use the 38 Studios issue as a political weapon as opposed to learning from our mistakes and focusing on how to move our state's economy forward. Partisan politics doesn't create jobs. Negative ads don't cut red tape for small business owners. Anonymous attacks don't increase investments in college affordability and adult education. But I promise you that I will. I will work every day for you and your neighbors to grow this economy, to create jobs and to do whatever it takes to put Rhode Island back on top again.

It is with a great deal of respect and humility that I once again ask for your vote in the General Election on November 6. Should you wish to discuss any of these issues, please feel free to call me at 331-9090 or email me at Gordon@GordonFox.com.

Sincerely,



Gordon D. Fox

Buonaiuto, Kenneth

From: Todd Catlow <71@risp.dps.ri.gov>
Sent: Monday, October 22, 2012 8:25 AM
To: Buonaiuto, Kenneth
Cc: Brock, Michael; Tellier, Lori
Subject: Re: 38 Studios Report?

I think this is what #1 is talking about

http://www.thewesterlysun.com/news/rhode-island-hires-firm-to-investigate-liability-after-collapse-of/article_e7e1c2fc-c05f-11e1-b735-0019bb2963f4.html?mode=print

Anyone have a contact at that law firm?

>>> Kenneth Buonaiuto 10/17/2012 11:57 AM >>>
Lieutenant,

See attached report.

Respectfully submitted,

Detective Kenneth S. Buonaiuto
Rhode Island State Police
Financial Crimes Unit
311 Danielson Pike
North Scituate, RI 02857
Phone (401) 444-1205
Fax (401) 444-1041

>>> Todd Catlow 10/17/2012 10:32 AM >>>
Ken,

Disregard my last email. Just found this one. However the report was not attached.

Respectfully submitted,

Todd Catlow
Lieutenant
Rhode Island State Police
311 Danielson Pike
North Scituate, RI 02857
Office: 401-444-1208
Fax: 401-444-1041

>>> Kenneth Buonaiuto 10/10/2012 11:45 AM >>>
Lieutenant Catlow,

In reference to any report being released;

EDC Counsel Thomas E. Carlotto of Shechtman, Halperin and Savage

-No reports being drafted at this time

- Does not know of any reports relative to 38 Studios that is near release
- Advised the EDC Special Litigation Committee met last night (10/9) with EDC officials to discuss potential litigation against parties in attempt to recoup losses, but no decision has been made at this time.

Braver PC Partner Jim Prescott

- No reports to be issued
- Only auditing done by Braver PC was relative to ensuring that 38 Studios met "thresholds and milestones to meet terms of loan agreement.
- Advised Deloitte Financial Advisory Services (Boston, Ma) was never able to complete their audit because 38 Studios went into bankruptcy shortly after they were hired by state.

Media

- Unable to locate any media report addressing release of, or soon to be released, 38 Studios report.

RIPEC Report on EDC restructure

- Report released September 2012 (see attached)
- Report/Analysis created as a result of 38 Studios events, but does not address 38 Studios specifically

Respectfully submitted,

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Buonaiuto, Kenneth

From: Kenneth Buonaiuto <174@risp.dps.ri.gov>
Sent: Tuesday, October 23, 2012 3:18 PM
To: Catlow, Todd
Subject: Re: 38 Studios Report?

I do not Lieutenant, nor does Lori or Gerard.

Respectfully submitted,

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Buonaiuto, Kenneth

From: Todd Catlow <71@risp.dps.ri.gov>
Sent: Wednesday, October 24, 2012 9:23 AM
To: Tellier, Lori
Cc: Buonaiuto, Kenneth
Subject: Re: 38 Studios Report?

We should take a look through the court file.

>>> Lori Tellier 10/23/2012 12:39 PM >>>

I spoke with David Quinn at the US Trustee's Office. Although initially 38 Studios filed bankruptcy out of Delaware and venue has changed from Delaware to RI, they are in state receivership. The US Trustee would be able to get us info from Delaware only. From our conversation, it sounded like that info was already provided to the FBI, but I'm not sure.

He also thinks that Savage is the RI receiver.

Lori

>>> Todd Catlow 10/22/2012 8:19 AM >>>

Lori,

please check with the RI Bankruptcy Trustee for any information/report relating to 38 Studios that we may have an interest in. I believe the case was transferred to RI several months ago.

Tks,

Todd

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Buonaiuto, Kenneth

From: Lori Tellier <Lori@risp.dps.ri.gov>
Sent: Wednesday, October 24, 2012 9:38 AM
To: Buonaiuto, Kenneth
Subject: Fwd: Re: 38 Studios Report?

so, when do you want to go?

>>> Todd Catlow 10/24/2012 9:22 AM >>>
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>>> Lori Tellier 10/23/2012 12:39 PM >>>
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Buonaiuto, Kenneth

From: Todd Catlow <71@risp.dps.ri.gov>
Sent: Thursday, November 1, 2012 12:38 PM
To: Buonaiuto, Kenneth; Brock, Michael
Subject: R.I. sues former EDC director, Schilling, lawyers over 38 Studios debacle / Video

<http://www.riedc.com/files/Complaint-with-exhibit-final.pdf>

>>> Todd Catlow 11/1/2012 12:37 PM >>>
<http://www.riedc.com/files/Complaint-with-exhibit-final.pdf>

Buonaiuto, Kenneth

From: Kenneth Buonaiuto <174@risp.dps.ri.gov>
Sent: Thursday, November 1, 2012 1:30 PM
To: Creamer, Robert
Subject: Fwd: R.I. sues former EDC director, Schilling, lawyers over 38 Studios debacle / Video

>>> Todd Catlow 11/1/2012 12:37 PM >>>
<http://www.riedc.com/files/Complaint-wlth-exhibit-final.pdf>

Buonaiuto, Kenneth

From: Todd Catlow <71@risp.dps.ri.gov>
Sent: Thursday, November 1, 2012 3:48 PM
To: Barney, Benjamin
Subject: Re: Lawsuit against 38 Studios

Already reading it. I am on page 18 now. Riveting stuff! Not.

>>> Benjamin Barney 11/1/2012 3:28 PM >>>

Todd,

The R.I.E.D.C. filed a lawsuit against 38 Studios today and the Colonel told me to tell you that if you receive any media inquiries refer the person to his office.

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